
IOWA LAND COMPANY LIMITED

FINANCIAL STATEMENTS

31st MARCH 2003



IOWA LAND COMPANY LIMITED

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IOWA LAND COMPANY LIMITED

COMPANY INFORMATION

Directors

C S R Stroyan T.D., W.S. (Chairman)
P H Lawson
E Y Whittingdale

Secretary

R W Toye

Registered Office

Bridge House
181 Queen Victoria Street
London EC4V 4DZ

Registered Number

15399

Auditors

Moore Stephens
Chartered Accountants
St. Paul's House
Warwick Lane
London EC4P 4BN

Solicitors

Wilsons
Steynings House
Chapel Place
Fisherton Street
Salisbury
Wiltshire SP2 7RJ

Bankers

The Royal Bank of Scotland plc
62-63 Threadneedle Street
London EC2R 8LA

IOWA LAND COMPANY LIMITED

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of this company will be held at Mitre House, 160 Aldersgate Street, London EC1A 4DD on 30th October 2003 at 12:30 p.m. for the following purposes:

1. To receive the directors' report and accounts for the year ended 31st March 2003.
2. To re-appoint Moore Stephens as the auditors of the company.
3. To authorise the directors to fix the remuneration of the auditors.

By order of the Board



Roger W. Toye
Secretary

31st July 2003

NOTE: Any person entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote (on a poll) in his place and such proxy need not be a member.

REPORT OF THE DIRECTORS

The directors have pleasure in submitting their report together with the audited consolidated financial statements of the company and its subsidiaries for the year ended 31st March 2003.

Principal activities

The principal activities of the company and its subsidiaries are investment in shares, property and land, and farming in Scotland.

Results and dividend

The Group loss for the year before taxation was £364,261 (2002: £146,453 loss) after taking account of losses from investment and fixed asset disposals net of provisions of £188,875 (2002: £64,193 profit). The loss after taxation and minority interest of £424,353 (2002: £122,298 loss) is accounted for through the profit and loss account.

The directors do not propose a dividend.

Review of the business

The problems facing the group in the year to 31st March 2002 unfortunately continued throughout the year ended 31st March 2003, culminating with the war in Iraq and the severest downturn in global stock markets for the last ten years.

The investment company made a small operating profit and reported net realised gains on the sale of investments, but this was reversed by the requirement to make substantial provisions against loss in value of long term assets retained in the portfolio. The dealing company too made large losses both in its options trading and on its investments. The hope that the market would turn before the year end proved to be illusory.

The property subsidiary returned a profit for the year, but adding to its portfolio continued to be difficult with the market for middle range houses in London remaining strong. One suitable addition was however made and with the current slowdown in the rate of increase in house prices further acquisitions may become possible.

In Scotland, the two farming companies made a welcome return to profitability. While grain prices remained low, beef and lamb prices held up well, providing reasonable margins. The share in the organic partnership has proved to be a most satisfactory investment. Ongoing economies in the Estate enterprises continue to reduce costs.

Since the year end there has been a substantial recovery in stock market values, which in turn has led to the reversal of part of the provisions for unrealised investment losses. Provided the current trend is maintained the directors look forward with caution to a somewhat less difficult year.

REPORT OF THE DIRECTORS
(Continued)

Directors' responsibilities for financial statements

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and group and of the profit or loss of the group for that period. In preparing these financial statements, the directors have:

- * selected suitable accounting policies and applied them consistently;
- * made judgements and estimates that are reasonable and prudent;
- * followed applicable accounting standards; and
- * prepared the financial statements on the going concern basis.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors

The directors who held office during the year together with their share holdings in the company, all non-beneficial, were as follows:

| | Ordinary shares of 10p each | |
|------------------|------------------------------------|-----------------------------------|
| | 31st March 2003 | 31st March 2002 |
| C S R Stroyan | 1,000 | 1,000 |
| P H Lawson | 1,000 | 1,000 |
| E Y Whittingdale | - | - |

None of the directors held any of the 4.55% preference shares.

Fixed assets

Movements in tangible fixed assets are disclosed in Note 9.

The group's Scottish estates are included at a professional valuation of £9,800,000 as at 31st March 2003. The group's English freehold properties are included on the basis of the directors' estimate of the current market value at 31st March 2003.

Auditors

A resolution for the re-appointment of Moore Stephens as auditors will be proposed at the Annual General Meeting.

The report of the directors was approved by the Board on 31st July 2003 and signed on its behalf by:



Roger William Toye
Secretary

IOWA LAND COMPANY LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF IOWA LAND COMPANY LIMITED

We have audited the financial statements of Iowa Land Company Limited for the year ended 31st March 2003 set out on pages 6 to 26. These financial statements have been prepared under the historical cost convention as modified by the revaluation of land and buildings and the accounting policies set out on pages 11 to 13.

This report is made solely to the company's members as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements with in it.

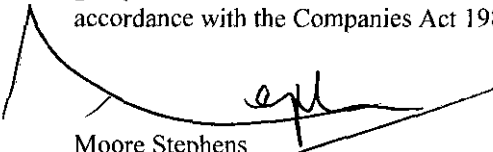
Basis of opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and of the group as at 31st March 2003 and of the group's loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Moore Stephens
Chartered Accountants and Registered Auditor
London, EC4P 4BN

13. August 2003

IOWA LAND COMPANY LIMITED**CONSOLIDATED PROFIT AND LOSS ACCOUNT**
for the year ended 31st March 2003

| | Note | 2003 £ | 2002 £ |
|--|-------------|-------------------------|-------------------------|
| Income: continuing operations | | | |
| Turnover: Farming activities | | 1,459,574 | 1,248,761 |
| Rental income | | 278,082 | 263,233 |
| Investment dealing activities | | (246,298) | (54,487) |
| Investment income | | 169,353 | 175,207 |
| Investment interest receivable | | 22,923 | 32,989 |
| | | <hr/> | <hr/> |
| Total income | | 1,683,634 | 1,665,703 |
| Operating costs | 2 | (1,842,856) | (1,848,053) |
| | | <hr/> | <hr/> |
| Operating loss: continuing operations | | (159,222) | (182,350) |
| | | <hr/> | <hr/> |
| Profit on disposal of tangible fixed assets | | 163,101 | 89,433 |
| Loss on disposal of fixed asset investments | 4 | (351,976) | (25,240) |
| | | <hr/> | <hr/> |
| | | (188,875) | 64,193 |
| | | <hr/> | <hr/> |
| Loss before interest | | (348,097) | (118,157) |
| Interest payable | 6 | (20,457) | (27,878) |
| Exchange gains/(losses) | | 4,293 | (418) |
| | | <hr/> | <hr/> |
| Loss on ordinary activities before taxation | | (364,261) | (146,453) |
| Tax on loss on ordinary activities | 7 | (54,584) | 24,992 |
| | | <hr/> | <hr/> |
| Loss on ordinary activities after taxation | | (418,845) | (121,461) |
| Minority Interest | | (5,508) | (837) |
| | | <hr/> | <hr/> |
| Retained loss for the financial year | 23 | (424,353) | (122,298) |
| | | <hr/> <hr/> | <hr/> <hr/> |

Movements in reserves are shown in notes 22 and 23 on pages 25 and 26 respectively.

IOWA LAND COMPANY LIMITED**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**
for the year ended 31st March 2003

| | 2003 | 2002 |
|---|-------------|-------------|
| | £ | £ |
| Result for the financial year | (424,353) | (122,298) |
| Unrealised surplus on property revaluation (net of minority interest) | 830,159 | 109,084 |
| Taxation on revaluation (net of minority interest) | 923 | 2,151 |
| | <hr/> | <hr/> |
| Total recognised gains/(losses) for the year | 406,729 | (11,063) |
| Prior year adjustment | - | 225,798 |
| | <hr/> | <hr/> |
| | 406,729 | 214,735 |
| | <hr/> | <hr/> |

RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS
for the year ended 31st March 2003

| | 2003 | 2002 |
|---|-------------|-------------|
| | £ | £ |
| Opening shareholders' funds at 1 st April | 16,376,269 | 16,387,332 |
| Total recognised gains/(losses) for the year | 406,729 | (11,063) |
| | <hr/> | <hr/> |
| Closing shareholders' funds at 31 st March | 16,782,998 | 16,376,269 |
| | <hr/> | <hr/> |

NOTE ON HISTORICAL COST PROFITS AND LOSSES
for the year ended 31st March 2003

| | 2003 | 2002 |
|---|-------------|-------------|
| | £ | £ |
| Reported loss on ordinary activities before taxation | (364,261) | (146,453) |
| Realisation of property revaluation gains of previous years | 157,917 | 92,241 |
| | <hr/> | <hr/> |
| Historical cost loss on ordinary activities before taxation | (206,344) | (54,212) |
| | <hr/> | <hr/> |
| Historical cost loss for the year retained after taxation and minority interest | (266,436) | (30,057) |
| | <hr/> | <hr/> |

IOWA LAND COMPANY LIMITED

CONSOLIDATED BALANCE SHEET at 31st March 2003

| | Note | 2003 £ | 2002 £ |
|--|------|------------|------------|
| Fixed assets | | | |
| Tangible fixed assets | 9 | 11,090,438 | 10,224,093 |
| Investments | 10 | 4,356,373 | 4,796,371 |
| | | <hr/> | <hr/> |
| | | 15,446,811 | 15,020,464 |
| | | <hr/> | <hr/> |
| Current assets | | | |
| Stocks | 11 | 551,106 | 594,903 |
| Debtors | 12 | 1,074,104 | 707,609 |
| Investments | 13 | 192,463 | 148,775 |
| Cash at bank and in hand | | 486,804 | 767,129 |
| | | <hr/> | <hr/> |
| | | 2,304,477 | 2,218,416 |
| | | <hr/> | <hr/> |
| Creditors: Amounts falling due within one year | 14 | (722,227) | (677,063) |
| | | <hr/> | <hr/> |
| Net current assets | | 1,582,250 | 1,541,353 |
| | | <hr/> | <hr/> |
| Total assets less current liabilities | | 17,029,061 | 16,561,817 |
| | | <hr/> | <hr/> |
| Creditors: Amounts falling due after more than one year | 15 | (107,629) | (52,674) |
| | | <hr/> | <hr/> |
| Net assets | | 16,921,432 | 16,509,143 |
| | | <hr/> | <hr/> |
| Capital and reserves | | | |
| Called up share capital | 21 | 104,842 | 104,842 |
| Share premium account | | 163,163 | 163,163 |
| Capital redemption reserve | 22 | 310,843 | 310,843 |
| Revaluation reserve | 22 | 7,013,665 | 6,341,423 |
| Other reserves | 22 | 5,068,565 | 5,068,565 |
| Profit and loss account | 23 | 4,121,920 | 4,387,433 |
| | | <hr/> | <hr/> |
| Shareholders' funds (including non-equity) | 24 | 16,782,998 | 16,376,269 |
| Minority interests (equity) | | 138,434 | 132,874 |
| | | <hr/> | <hr/> |
| | | 16,921,432 | 16,509,143 |
| | | <hr/> | <hr/> |

Approved by the Board of Directors on 31st July 2003
and signed on its behalf by:

C. S. R. Stroyan

Colin Strathern Ropner Stroyan, Director

IOWA LAND COMPANY LIMITED

BALANCE SHEET at 31st March 2003

| | Note | 2003 £ | 2002 £ |
|---|------|-------------|-----------|
| Fixed assets | | | |
| Investments | | 1 | 1 |
| Investments in subsidiary undertakings | 8 | 1,532,973 | 1,532,973 |
| | | <hr/> | <hr/> |
| | | 1,532,974 | 1,532,974 |
| | | <hr/> | <hr/> |
| Current assets | | | |
| Debtors due within one year | 12 | 3,661,265 | 2,990,604 |
| Debtors due after one year | 12 | 1,605,494 | 1,605,494 |
| Cash at bank and in hand | | 69,486 | 68,531 |
| | | <hr/> | <hr/> |
| | | 5,336,245 | 4,664,629 |
| Creditors: Amounts falling due within one year | 14 | (1,244,562) | (573,976) |
| | | <hr/> | <hr/> |
| Net current assets | | 4,091,683 | 4,090,653 |
| | | <hr/> | <hr/> |
| Total assets less current liabilities | | 5,624,657 | 5,623,627 |
| | | <hr/> | <hr/> |
| Capital and reserves | | | |
| Called up share capital | 21 | 104,842 | 104,842 |
| Share premium account | | 163,163 | 163,163 |
| Capital redemption reserve | 22 | 310,843 | 310,843 |
| Capital reserve | 22 | 4,949,336 | 4,949,336 |
| Profit and loss account | 23 | 96,473 | 95,443 |
| | | <hr/> | <hr/> |
| Shareholders' funds (including non-equity) | 24 | 5,624,657 | 5,623,627 |
| | | <hr/> | <hr/> |

Approved by the Board of Directors on 31st July 2003 and signed on its behalf by:

C. S. R. Stroyan

Colin Strathearn Ropner Stroyan
Director

IOWA LAND COMPANY LIMITED

CONSOLIDATED CASH FLOW STATEMENT for the year ended 31st March 2003

| | Notes | 2003 | | 2002 | |
|---|-------|-----------|-----------|---------|-----------|
| | | £ | £ | £ | £ |
| Net cash outflow from operating activities | 19 | | (82,434) | | (92,974) |
| Other returns on investments and servicing of finance | 20 A | | (16,164) | | (28,296) |
| Taxation | 20 B | | (4,677) | | (25,650) |
| Capital expenditure and financial investment | 20 C | | 73,909 | | (110,517) |
| Cash outflow before management of liquid resources and financing | | | (29,366) | | (257,437) |
| Management of liquid resources and financing: | | | | | |
| Management of liquid resources | 20 D | (289,986) | | 325,742 | |
| Financing | 20 E | 113,565 | (176,421) | 30,105 | 355,847 |
| (Decrease)/increase in cash | | | (205,787) | | 98,410 |

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS for the year ended 31st March 2003

| | Cash £ | Overdrafts £ | 2003 Total £ | 2002 £ |
|---|----------------|------------------|--------------------|----------------|
| Cash flow in year | (280,325) | 74,538 | (205,787) | 98,410 |
| Balance at 1 st April | 767,129 | (339,181) | 427,948 | 329,538 |
| Balance at 31st March | 486,804 | (264,643) | 222,161 | 427,948 |

NOTES TO THE FINANCIAL STATEMENTS

31st March 2003

1. ACCOUNTING POLICIES

Accounting convention

These financial statements have been prepared in accordance with applicable accounting standards under the historical cost basis of accounting as modified by the revaluation of land and buildings.

Basis of consolidation

The consolidated financial statements incorporate those of Iowa Land Company Limited and its subsidiary companies.

As permitted by section 230 of the Companies Act 1985, the profit and loss account of the parent company has not been separately presented in the financial statements.

Fixed assets and depreciation

No division is made of the cost or valuation of freehold land and buildings into the proportion relating to land and the proportion relating to buildings. In the opinion of the directors it would not be meaningful to do so given the nature of the buildings which are, for the most part, farm buildings. Depreciation is provided to write off fixed assets over their expected useful lives at the following rates:

| | |
|--|--------------------------|
| Farm buildings | 2% |
| Short leaseholds | Over the period of lease |
| Implements, plant and machinery | 10% - 15% pa |
| Office equipment, furniture, fixtures and fittings | 4% - 33% pa |
| Motor vehicles | 25% pa |

Investment properties

Investment properties are revalued annually at open market value and any temporary surplus or deficit is transferred to investment property revaluation reserve. Permanent deficits on individual properties are charged in the profit and loss account which is also credited with subsequent reversals.

As these properties are held for investment purposes not consumption, depreciation is not considered to be relevant. In accordance with SSAP 19 no depreciation or amortisation is provided in respect of freehold and long leasehold investment properties. This is not in accordance with the Companies Act 1985, but this treatment has been adopted in order to give a true and fair view. Depreciation or amortisation is only one of many factors reflected in the annual valuation and the amount, which might otherwise be shown, cannot be separately identified or quantified.

Leased assets

Assets held under finance leases are included in the balance sheet and depreciated in accordance with the group's normal accounting policies. The present value of future rentals is shown as a liability. The interest element of rental obligations is charged to the profit and loss account over the period of the lease in proportion to the balance of capital repayments outstanding.

Farming stocks

Farming stocks have been valued at the lower of cost and net realisable value.

NOTES TO THE FINANCIAL STATEMENTS

31st March 2003

1. ACCOUNTING POLICIES (Continued)

Investments

Investments held as fixed assets are included at cost. Provision is made where in the opinion of the directors any diminution in value is permanent.

Investments held as trading stock are shown as current assets and are included at the lower of cost or market value.

Income from investments

Income from investment in equities is included when received. Interest income from fixed interest and index linked stock is accrued to the end of the financial year.

Investment interest receivable

Interest on cash deposits is accrued to the end of the financial year.

Taxation

The charge for taxation is based on the result for the year and takes into account deferred or accelerated taxation.

Deferred taxation is provided on timing differences that have originated, but not reversed by the balance sheet date on a non-discounted basis.

Deferred taxation assets are recognised only to the extent that it is more likely than not that there will be suitable trading profits from which future reversals of the underlying timing differences can be deducted. No provision is made where the amounts involved are not material.

Foreign exchange

Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction. Assets and liabilities denominated in foreign currency are translated into sterling at the rate of exchange ruling at the year end.

Turnover

Turnover represents invoiced sales of farming produce, exclusive of VAT.

Government Grants

Grants of a revenue nature are credited to the profit and loss account in the year in which they accrue.

Grants of a capital nature received for land and buildings (which are not depreciated) have been deducted from the original cost of the relevant asset. This is not in accordance with schedule 4 to the Companies Act 1985, which requires fixed assets to be shown at their purchase price or production cost and hence grants and contributions would be presented as deferred income. This departure from the requirements of the Act is, in the opinion of the directors, necessary since complying with the Act would not give a true and fair view as no provision is made for depreciation and any grants and contributions relating to such assets would not be taken to the profit and loss account.

IOWA LAND COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31st March 2003

1. ACCOUNTING POLICIES (Continued)

Pensions

The group operates a defined contribution pension scheme. The assets of the scheme are invested and managed independently of the finances of the group. The pension cost charge represents contributions payable in the year

2. OPERATING COSTS

| | 2003 £ | 2002 £ |
|---|-----------|-----------|
| Other direct expenses and farming activities | | |
| Cost of livestock | 280,623 | 183,108 |
| Other direct costs | 370,049 | 443,776 |
| Administration costs - all companies | 1,192,184 | 1,221,169 |
| | <hr/> | <hr/> |
| | 1,842,856 | 1,848,053 |
| | <hr/> | <hr/> |

3. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

| | 2003 £ | 2002 £ |
|---|-----------|-----------|
| Loss on ordinary activities is arrived at after charging: | | |
| Auditors remuneration | 21,143 | 18,953 |
| Depreciation | 151,939 | 108,476 |
| | <hr/> | <hr/> |
| and after crediting: | | |
| Subsidies and grants | 273,457 | 269,695 |
| Bank interest receivable | 22,923 | 32,989 |
| | <hr/> | <hr/> |

4. LOSS ON DISPOSAL OF FIXED ASSET INVESTMENTS

| | 2003 £ | 2002 £ |
|-----------------------------------|-----------|-----------|
| Profit on disposal of investments | 290,347 | 192,879 |
| Investment provision increase | (642,323) | (218,119) |
| | <hr/> | <hr/> |
| | (351,976) | (25,240) |
| | <hr/> | <hr/> |

IOWA LAND COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31st March 2003

5. EMPLOYEES AND STAFF COSTS

| | 2003 £ | 2002 £ |
|---|----------------|----------------|
| Costs incurred in respect of employees (including directors) were:- | | |
| Wages and salaries | 394,751 | 382,288 |
| Social security costs | 32,969 | 32,025 |
| Other pension costs | 5,760 | 8,503 |
| | <u>433,480</u> | <u>422,816</u> |

The average monthly number of employees including directors during the year was as follows:

| | No. | No. |
|----------------|-----------|-----------|
| Administration | 5 | 5 |
| Farming | 17 | 16 |
| | <u>22</u> | <u>21</u> |

| | 2003 £ | 2002 £ |
|------------------------|---------------|---------------|
| Directors emoluments:- | | |
| Other emoluments | 37,450 | 37,450 |
| | <u>37,450</u> | <u>37,450</u> |

No pension costs were incurred in respect of directors of the company.

6. INTEREST PAYABLE AND SIMILAR CHARGES

| | 2003 £ | 2002 £ |
|---------------------------|---------------|---------------|
| Bank loans and overdrafts | 10,758 | 20,364 |
| Hire purchase agreements | 9,699 | 7,514 |
| | <u>20,457</u> | <u>27,878</u> |

IOWA LAND COMPANY LIMITED**NOTES TO THE FINANCIAL STATEMENTS****31st March 2003****7. TAXATION**

| | 2003 | 2002 |
|--|-------------|-------------|
| | £ | £ |
| (a) Analysis of tax charge for the year: | | |
| Corporation tax | 26,864 | 8,700 |
| Prior year adjustment | 220 | (5,456) |
| | <hr/> | <hr/> |
| Current tax charge | 27,084 | 3,244 |
| Deferred tax | 27,500 | (28,236) |
| | <hr/> | <hr/> |
| Charge/(credit) | 54,584 | (24,992) |
| | <hr/> | <hr/> |
| (b) Factors affecting current tax charge for the year: | | |
| Loss on ordinary activities before tax at 30% | (109,278) | (43,936) |
| Effect of: | | |
| Taxation allowances | (606) | (1,004) |
| Indexation allowances on capital gains | (44,518) | (22,892) |
| Short term timing differences on investments | 197,810 | 39,120 |
| Non taxable investment income | (25,471) | (24,345) |
| Other | (78) | (301) |
| Losses not available for offset | 10,417 | 45,135 |
| Timing differences between capital allowances and depreciation | 12,684 | (5,771) |
| Other short term timing differences | 7,312 | 4,107 |
| Utilisation of prior year losses | (54,908) | (2,513) |
| Utilisation of losses against realised revaluation gains | 33,500 | 21,100 |
| | <hr/> | <hr/> |
| | 26,864 | 8,700 |
| Prior year adjustment | 220 | (5,456) |
| | <hr/> | <hr/> |
| Current tax charge | 27,084 | 3,244 |
| | <hr/> | <hr/> |

IOWA LAND COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31st March 2003

8. INTERESTS IN SUBSIDIARIES

| Principal subsidiaries | Parent and group interest in ordinary shares and voting rights | Country of incorporation and registration | Principal activity |
|--|--|---|---------------------------------|
| Teniwood Securities Ltd | 100% | England and Wales | Investment holding |
| The London Commercial and Mercantile Company Limited | 100% | England and Wales | Investment dealing |
| Scottish Trust Managers Limited | 75% | England and Wales | Property investment |
| Culfargie Estates Limited | 100% | Scotland | Farming and property investment |
| Tay and Torridon Estates Limited | 100% | Scotland | Farming |
| Cotswold & General Farms Limited | 100% | England and Wales | Dormant |
| Fingask and Kinnaird Properties Limited | 100% | Scotland | Dormant |
| Strathtay and Perthshire Properties Limited | 100% | Scotland | Dormant |

IOWA LAND COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31st March 2003

9. TANGIBLE FIXED ASSETS

| Group | Freehold land and buildings £ | Short leaseholds £ | Plant equipment and motor vehicles £ | Total £ |
|--------------------------------|--|--------------------------|--|------------|
| Cost or valuation | | | | |
| At 1 st April 2002 | 9,662,879 | 11,079 | 1,520,448 | 11,194,406 |
| Additions | 166,356 | - | 394,321 | 560,677 |
| Disposals | (288,000) | - | (291,569) | (579,569) |
| Revaluation | 841,070 | - | - | 841,070 |
| At 31 st March 2003 | 10,382,305 | 11,079 | 1,623,200 | 12,016,584 |
| Depreciation | | | | |
| At 1 st April 2002 | - | 11,079 | 959,234 | 970,313 |
| Charge for the year | - | - | 151,939 | 151,939 |
| Released on disposal | - | - | (196,106) | (196,106) |
| At 31 st March 2003 | - | 11,079 | 915,067 | 926,146 |
| Net book value | | | | |
| At 31 st March 2003 | 10,382,305 | - | 708,133 | 11,090,438 |
| At 31 st March 2002 | 9,662,879 | - | 561,214 | 10,224,093 |
| Historical cost | | | | |
| At 31 st March 2003 | 3,569,174 | 11,079 | 1,623,200 | 5,203,453 |

Freehold land and buildings includes investment properties revalued by the directors at the balance sheet date at the open market value of £584,000 (2002: £657,000).

The group's Scottish estates were revalued on 31st March 2003 at £9,800,000 on the basis of their open market value, by Bell Ingram, Chartered Surveyors in accordance with the RICS Appraisal and Valuation Manual. This valuation is incorporated in the financial statements.

Financial Reporting Standard (FRS) 15 requires all assets excluding investment properties to be depreciated over their estimated economic life taking account of any residual value of assets. The group's freehold land and buildings are considered to have a high residual value and a useful economic life in excess of fifty years. It is the directors' policy to maintain the buildings in a continual state of sound repair and accordingly the depreciation charge is considered immaterial. Therefore, no charge has been made.

NOTES TO THE FINANCIAL STATEMENTS

31st March 2003

9. TANGIBLE FIXED ASSETS (continued)

Where no charge for depreciation is made and where the useful economic life exceeds fifty years an impairment review should be carried out on an annual basis. Such a review has been performed and in the Directors' opinion the market value and residual value of freehold land and buildings is in excess of the carrying value and there is no impairment.

Included in Plant and Equipment are assets financed under hire purchase agreements with a net book value of £378,820 (2002: £167,496) and a depreciation charge of £89,139 (2002: £36,288).

10. FIXED ASSET INVESTMENTS

| Group | Listed in United Kingdom £ | Listed abroad £ | Unlisted £ | Total £ |
|--------------------------------|----------------------------------|-----------------------|---------------|------------|
| Cost | | | | |
| At 1 st April 2002 | 2,144,835 | 2,448,862 | 876,649 | 5,470,346 |
| Additions | 562,547 | 472,840 | 71,866 | 1,107,253 |
| Disposals | (312,029) | (584,339) | (8,560) | (904,928) |
| | | | | |
| At 31 st March 2003 | 2,395,353 | 2,337,363 | 939,955 | 5,672,671 |
| | | | | |
| Provisions | | | | |
| At 1 st April 2002 | 182,846 | 269,180 | 221,949 | 673,975 |
| Movement in the year | 272,171 | 270,152 | 100,000 | 642,323 |
| | | | | |
| At 31 st March 2003 | 455,017 | 539,332 | 321,949 | 1,316,298 |
| | | | | |
| Net book value | | | | |
| At 31 st March 2003 | 1,940,336 | 1,798,031 | 618,006 | 4,356,373 |
| | | | | |
| At 31 st March 2002 | 1,961,989 | 2,179,682 | 654,700 | 4,796,371 |
| | | | | |
| Market value | | | | |
| At 31 st March 2003 | 2,113,120 | 2,041,589 | 1,173,915 | 5,328,624 |
| | | | | |
| At 31 st March 2002 | 2,929,173 | 2,962,602 | 695,910 | 6,587,685 |
| | | | | |

The market value of listed investments is based on mid-market published prices.

The market value of unlisted investments has been estimated by the directors on the basis of the most recent financial information.

NOTES TO THE FINANCIAL STATEMENTS

31st March 2003

10. FIXED ASSET INVESTMENTS (Continued)

Companies in which the group holds over 20% of the issued equity capital are as follows:

| | Country of registration | Description of shares/stock | Percentage held |
|----------------------------|----------------------------|--------------------------------|--------------------|
| Murray Campbell & Co. Ltd. | England | Ordinary | 50% |
| | | Deferred | 50% |
| Pelican Estates Inc. | U S A | Common | 40% |
| Quail Estates Inc. | U S A | Common | 29% |

The directors are of the opinion that as they do not exert significant influence over the day-to-day management of these companies it is not appropriate to consolidate their results. The investment in Quail Estates Inc. has been provided against in full.

11. STOCKS

| Group | 2003 £ | 2002 £ |
|---|----------------|----------------|
| Stocks, all of which relate to farming, comprise the following: | | |
| Cattle and sheep | 388,058 | 409,161 |
| Crops | 112,302 | 139,941 |
| Sundry | 50,746 | 45,801 |
| | <u>551,106</u> | <u>594,903</u> |

12. DEBTORS

| | Group | | Company | |
|--|------------------|----------------|------------------|------------------|
| | 2003 £ | 2002 £ | 2003 £ | 2002 £ |
| Due within one year | | | | |
| Trade debtors | 831,660 | 465,001 | - | - |
| Other debtors | 31,423 | 25,298 | - | - |
| Amounts due from subsidiary undertakings | - | - | 3,661,265 | 2,990,604 |
| Prepayments and accrued income | 79,285 | 62,863 | - | - |
| Taxation recoverable | 8,444 | 3,655 | - | - |
| Deferred taxation (note 17) | 123,292 | 150,792 | - | - |
| | <u>1,074,104</u> | <u>707,609</u> | <u>3,661,265</u> | <u>2,990,604</u> |

NOTES TO THE FINANCIAL STATEMENTS

31st March 2003

12. DEBTORS (Continued)

| | Group | | Company | |
|--|----------|----------|------------------|------------------|
| | 2003 | 2002 | 2003 | 2002 |
| | £ | £ | £ | £ |
| Due after one year | | | | |
| Amounts owed by subsidiary undertaking | - | - | 1,605,494 | 1,605,494 |
| | <u>-</u> | <u>-</u> | <u>1,605,494</u> | <u>1,605,494</u> |
| | - | - | 1,605,494 | 1,605,494 |
| | <u>-</u> | <u>-</u> | <u>1,605,494</u> | <u>1,605,494</u> |

13. CURRENT ASSET INVESTMENTS

| | 2003 | 2002 |
|--|----------------|----------------|
| Group | £ | £ |
| Listed, at lower of cost and market value | 192,463 | 148,775 |
| | <u>192,463</u> | <u>148,775</u> |
| Market value, based on mid-market published prices | 200,126 | 154,205 |
| | <u>200,126</u> | <u>154,205</u> |

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | Group | | Company | |
|--|----------------|----------------|------------------|----------------|
| | 2003 | 2002 | 2003 | 2002 |
| | £ | £ | £ | £ |
| Bank loan and overdrafts | 264,643 | 339,181 | - | - |
| Obligations under finance | | | | |
| Leases | 121,637 | 63,027 | - | - |
| Tax and social security | 6,139 | 7,601 | - | - |
| Trade creditors | 188,927 | 144,623 | - | - |
| Other creditors | 45,686 | 45,686 | 2,713 | 2,713 |
| Amounts due to subsidiary undertakings | - | - | 1,241,523 | 570,862 |
| Accruals and deferred income | 54,662 | 73,544 | - | - |
| Corporation Tax | 40,533 | 3,401 | 326 | 401 |
| | <u>722,227</u> | <u>677,063</u> | <u>1,244,562</u> | <u>573,976</u> |

IOWA LAND COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31st March 2003

15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

| Group | 2003 £ | 2002 £ |
|----------------------------------|-----------|-----------|
| Obligations under finance leases | 107,629 | 52,674 |

16. DEBT ANALYSIS

| | Group | | Company | |
|--------------------------|-----------|-----------|-----------|-----------|
| | 2003 £ | 2002 £ | 2003 £ | 2002 £ |
| Repayable within 1 year | 386,280 | 402,208 | - | - |
| Repayable in 1 - 2 years | 107,629 | 52,674 | - | - |
| | 493,909 | 454,882 | - | - |

17. DEFERRED TAXATION

| | 2003 £ | 2002 £ |
|--|-----------|-----------|
| Deferred taxation - Group (Note 12) | | |
| The deferred taxation asset comprises: | | |
| Accelerated capital allowances | (84,712) | (97,700) |
| Unrelieved trading losses | - | 50,300 |
| Short term timing differences on investment provisions | 200,692 | 198,192 |
| Other timing differences | 7,312 | - |
| | 123,292 | 150,792 |
| | 2003 £ | 2002 £ |
| Balance at 1 st April | 150,792 | 122,556 |
| Movement in year | (27,500) | 28,236 |
| | 123,292 | 150,792 |

NOTES TO THE FINANCIAL STATEMENTS

31st March 2003

17. DEFERRED TAXATION (continued)

| | 2003 | 2002 |
|---|---------------|----------------|
| | £ | £ |
| Group potential tax liability on disposal at market value of: | | |
| Fixed asset investments | - | 268,527 |
| Investment properties | 86,225 | 120,500 |
| | <u>86,225</u> | <u>389,027</u> |

No provision for this liability has been made in these accounts.

18. CASH FLOW INFORMATION

In accordance with the revised FRS 1 the following definitions have been applied:

- (i) Cash: cash in hand , overnight deposits and overnight borrowings.
- (ii) Liquid resources: all monetary assets (excluding cash at (i) above) which are convertible into cash at, or close to, the carrying value in the balance sheet.
- (iii) Debt financing: all borrowings other than overnight.

19. RECONCILIATION OF OPERATING LOSS TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

| | 2003 | 2002 |
|---|-----------------|-----------------|
| | £ | £ |
| Operating loss | (159,222) | (182,350) |
| Depreciation | 151,939 | 108,476 |
| Decrease/(increase) in stocks | 43,797 | (36,995) |
| Increase in debtors | (389,206) | (98,873) |
| Increase in creditors | 23,960 | 62,281 |
| Loss on disposal of current asset investments | 246,298 | 54,487 |
| | <u>(82,434)</u> | <u>(92,974)</u> |

NOTES TO THE FINANCIAL STATEMENTS

31st March 2003

20. ANALYSIS OF CASH FLOWS GIVEN IN THE CASH FLOW STATEMENT

A. Other returns on investments and servicing of finance

| | 2003 £ | 2002 £ |
|--|-----------------|-----------------|
| Exchange gains/(losses) | 4,293 | (418) |
| Bank interest paid | (10,758) | (20,364) |
| Interest element of finance lease payments | (9,699) | (7,514) |
| | <hr/> | <hr/> |
| Net cash outflow from other returns on investments and servicing of finance | (16,164) | (28,296) |
| | <hr/> | <hr/> |

B. Taxation

| | 2003 £ | 2002 £ |
|---|-----------|-----------|
| Net UK corporation tax and overseas tax | (4,677) | (25,650) |
| | <hr/> | <hr/> |

C. Capital expenditure and financial investment

| | 2003 £ | 2002 £ |
|---|---------------|------------------|
| Purchase of tangible fixed assets | (560,677) | (217,653) |
| Sale of tangible fixed assets | 546,564 | 464,485 |
| Purchase of fixed asset investments | (1,107,253) | (1,925,888) |
| Sale of fixed asset investments | 1,195,275 | 1,568,539 |
| | <hr/> | <hr/> |
| Net cash inflow/(outflow) for capital expenditure and financial investment | 73,909 | (110,517) |
| | <hr/> | <hr/> |

D. Management of liquid resources

| | 2003 £ | 2002 £ |
|---------------------------------------|------------------|----------------|
| Purchase of current asset investments | (1,091,019) | (643,832) |
| Sale of current asset investments | 801,033 | 969,574 |
| | <hr/> | <hr/> |
| Net cash (outflow)/inflow | (289,986) | 325,742 |
| | <hr/> | <hr/> |

NOTES TO THE FINANCIAL STATEMENTS

31st March 2003

20. ANALYSIS OF CASH FLOWS GIVEN IN THE CASH FLOW STATEMENT
(continued)

E. Financing

| | 2003 £ | 2002 £ |
|----------------------------|-----------|-----------|
| Increase in finance leases | 113,565 | 30,105 |
| | <hr/> | <hr/> |
| Cash inflow | 113,565 | 30,105 |
| | <hr/> | <hr/> |

21. CALLED UP SHARE CAPITAL

| | 2003 £ | 2002 £ |
|--|-----------|-----------|
| Authorised | | |
| 450,000 4.55% Non-cumulative preference shares of £ 1 each | 450,000 | 450,000 |
| 565,000 ordinary shares of 10p each | 56,500 | 56,500 |
| | <hr/> | <hr/> |
| | 506,500 | 506,500 |
| | <hr/> | <hr/> |

| | 2003 £ | 2002 £ |
|--|-----------|-----------|
| Allotted and fully paid: | | |
| 49,484 4.55% Non-cumulative preference shares of £1 each | 49,484 | 49,484 |
| 553,583 ordinary shares of 10p each | 55,358 | 55,358 |
| | <hr/> | <hr/> |
| | 104,842 | 104,842 |
| | <hr/> | <hr/> |

The preference shareholders are entitled to a fixed preferential dividend at the rate of 4.55% per annum payable out of the profits which the directors determine to distribute.

On a winding up, the preference shares carry priority over other classes of share as to the repayment of capital, but not as to arrears of dividend as they are non-cumulative.

The preference shares are non-voting shares.

NOTES TO THE FINANCIAL STATEMENTS

31st March 2003

22. OTHER RESERVES

| | Group | | Company | |
|-----------------------------------|-------------------|-------------------|-------------------|-------------------|
| | 2003 | 2002 | 2003 | 2002 |
| | £ | £ | £ | £ |
| Capital reserve | | | | |
| Balance at 1 st April | | | | |
| and at 31 st March | 5,068,565 | 5,068,565 | 4,949,336 | 4,949,336 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Revaluation reserve | | | | |
| Balance at 1 st April | 6,341,423 | 6,324,580 | - | - |
| Revaluation in the year | 830,159 | 109,084 | - | - |
| Transfer to profit and loss | | | | |
| account on realisation | (157,917) | (92,241) | - | - |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Balance at 31 st March | 7,013,665 | 6,341,423 | - | - |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |

The revaluation in the year is net of minority interests.

Capital redemption reserve

| | | | | |
|----------------------------------|-------------------|-------------------|-------------------|-------------------|
| Balance at 1 st April | | | | |
| and at 31 st March | 310,843 | 310,843 | 310,843 | 310,843 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |

NOTES TO THE FINANCIAL STATEMENTS

31st March 2003

23. PROFIT AND LOSS ACCOUNT

| | Group | | Company | |
|---|--------------|-------------|----------------|-------------|
| | 2003 | 2002 | 2003 | 2002 |
| | £ | £ | £ | £ |
| At 1 st April | 4,387,433 | 4,415,339 | 95,443 | 94,691 |
| Result for the financial year | (424,353) | (122,298) | 1,030 | 752 |
| Transfer from revaluation reserve (Note 22) | 157,917 | 92,241 | - | - |
| Corporation tax on realisation | 923 | 2,151 | - | - |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| At 31 st March | 4,121,920 | 4,387,433 | 96,473 | 95,443 |
| | <hr/> | <hr/> | <hr/> | <hr/> |

24. SHAREHOLDERS' FUNDS

| | Group | | Company | |
|------------------------------------|--------------|-------------|----------------|-------------|
| | 2003 | 2002 | 2003 | 2002 |
| | £ | £ | £ | £ |
| Equity shareholders' interests | 16,733,514 | 16,326,785 | 5,575,173 | 5,574,143 |
| Non-equity shareholders' interests | 49,484 | 49,484 | 49,484 | 49,484 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| | 16,782,998 | 16,376,269 | 5,624,657 | 5,623,627 |
| | <hr/> | <hr/> | <hr/> | <hr/> |

Non-equity interests of £49,484 (2002: £49,484) comprise 49,484 4.55% non-cumulative preference shares of £1 each.